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Attorneys for Defendants  
Halsen Holdings, LLC, South Texas  
Associates & Resources, Peninsula Healthcare  
Management, LLC, Daniel Brothman, Edith  
Brothman, Stacy Sean Fowler, and Edmund C. King

**IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF CALIFORNIA – SAN JOSE**

JEREMY ROSENTHAL, as Liquidation Trustee ) Case No. 5:23-cv-06216-PCP  
of the WHC LIQUIDATION TRUST, ) Hon. P. Casey Pitts  
Plaintiffs, ) Complaint Filed: December 1, 2023  
v. ) Trial Date: None  
HALSEN HOLDINGS, LLC, a California limited ) **DEFENDANTS' ANSWER TO**  
liability company; SOUTH TEXAS ) **COMPLAINT**  
ASSOCIATES & RESOURCES, a California )  
corporation; PENINSULA HEALTHCARE ) **JURY TRIAL DEMANDED**  
MANAGEMENT, LLC, a Nevada limited )  
liability company; DANIEL BROTHMAN, an )  
individual; EDITH BROTHMAN, an individual; )  
STACY SEAN FOWLER, an individual; )  
EDMUND C. KING, an individual; and DOES 1 )  
through 100, inclusive, )  
Defendants. )

1 Defendants Halsen Holdings, LLC, South Texas Associates & resources, Peninsula  
2 Healthcare Management, LLC, Daniel Brothman, Edith Brothman, Stacy Sean Fowler  
3 (“Defendants”) hereby answer the Complaint as follows:

4 **I. SUMMARY OF COMPLAINT**

5 1. Defendants admit Watsonville Community Hospital was a hospital in Watsonville,  
6 California. Defendants deny any and all remaining allegations and inferences in this paragraph.

7 2. Defendants neither admit nor deny the allegations in this paragraph because the  
8 allegations in this paragraph are not factual and the law and its application are for the Court’s  
9 determination.

10 3. Defendants neither admit nor deny the allegations in this paragraph because the  
11 allegations in this paragraph are not factual and the law and its application are for the Court’s  
12 determination.

13 4. Defendants neither admit nor deny the allegations in this paragraph because the  
14 allegations in this paragraph are not factual and the law and its application are for the Court’s  
15 determination.

16 5. Defendants neither admit nor deny the allegations in this paragraph because the  
17 allegations in this paragraph are not factual and the law and its application are for the Court’s  
18 determination.

19 6. Defendants neither admit nor deny the allegations in this paragraph because the  
20 allegations in this paragraph are not factual and the law and its application are for the Court’s  
21 determination.

22 7. Defendants neither admit nor deny the allegations in this paragraph because the  
23 allegations in this paragraph are not factual and the law and its application are for the Court’s  
24 determination.

25 8. Defendants neither admit nor deny the allegations in this paragraph because the  
26 allegations in this paragraph are not factual.

1       **II. JURISDICTION AND VENUE**

2           9. Defendants admit that Chapter 11 petitions for bankruptcy were filed for WHC,  
3 WHM, Watsonville Holdings, and Halsen Healthcare on December 5, 2021. Defendants deny any  
4 and all other allegations and inferences in this paragraph.

5           10. Defendants neither admit nor deny the allegations in this paragraph because the  
6 allegations in this paragraph are not factual.

7           11. Defendants neither admit nor deny the allegations in this paragraph because the  
8 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
9 determination.

10          12. Defendants neither admit nor deny the allegations in this paragraph because the  
11 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
12 determination.

13          13. Defendants neither admit nor deny the allegations in this paragraph because the  
14 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
15 determination.

16       **III. PARTIES**

17          14. Defendants admit Jeremy Rosenthal is the Liquidation Trustee. As to the remaining  
18 facts in this paragraph, on information and belief, Defendants admit.

19          15. Defendants admit Daniel Brothman is an individual residing at 1872 Sharon Lane,  
20 Santa Ana, California 92075. Defendants admit Daniel Brothman was a Board member at WHC,  
21 and is a member of Halsen Holdings. Defendants deny any and all other allegations and inferences  
22 in this paragraph.

23          16. Defendants admit Edith Brothman is an individual residing at 1872 Sharon Lane,  
24 Santa Ana, California 92075. Defendants admit Edith Brothman is Daniel Brothman's wife.  
25 Defendants deny any and all other allegations and inferences in this paragraph.

26          17. Defendants admit Stacy Sean Fowler is an individual residing at 24 Cayman Court,  
27 Manhattan Beach, California 90266. Defendants admit Fowler was CEO of WHC. Defendants

1 admit Fowler was a Board member at WHC and is a member of Halsen Holdings. Defendants deny  
2 any and all other allegations and inferences in this paragraph.

3       18. Defendants admit Edmund C. King is an individual residing at 5351 North Eagles  
4 View Drive, Lehi, Utah 84043. Defendants admit King was the CFO at WHC and was a Board  
5 member at WHC and is a member of Halsen Holdings. Defendants deny any and all other  
6 allegations and inferences in this paragraph.

7       19. Defendants admit Halsen Holdings, LLC is a limited liability company organized in  
8 California with a principal address of 1872 Sharon Lane, Santa Ana, California 920725.  
9 Defendants admit Daniel Brothman, Fowler, and King are members of Halsen Holdings, LLC.

10      20. Defendants admit South Texas Associates & Resources is a California corporation  
11 with a principal address of 24 Cayman Court, Manhattan Beach, California 90266. Defendants  
12 neither admit nor deny the remaining allegations in this paragraph because the remaining allegations  
13 in this paragraph are not factual and the law and its application are for the trier of fact's  
14 determination.

15      21. Defendants admit Peninsula Healthcare Management LLC is a limited liability  
16 company organized in Nevada with a principal address of 5351 n. Eagles View Drive, Lehi, Utah  
17 94043. Defendants neither admit nor deny the remaining allegations in this paragraph because the  
18 remaining allegations in this paragraph are not factual and the law and its application are for the  
19 trier of fact's determination.

20      22. Defendants neither admit nor deny the allegations in this paragraph because the  
21 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
22 determination.

23 **IV. THE CHAPTER 11 CASES AND FORMATION OF WHC LIQUIDATION TRUST**

24      23. On information and belief, Defendants admit.

25      24. Defendants admit Jeremy Rosenthal is the Liquidation Trustee. Defendants neither  
26 admit nor deny the remaining allegations in this paragraph because the remaining allegations in this  
27 paragraph are not factual.

1 **V. FACTS**

2 **A. The Quorum Acquisition and MPT Secured Financing**

3 25. Defendants admit there is a Purchase Agreement dated May 31, 2019 by and among  
4 QHC California Holdings, LLC and Watsonville Hospital Holdings, Inc. and Quorum Health  
5 Corporation and Halsen Healthcare, LLC. Defendants neither admit nor deny any and all other  
6 allegations and inferences in this paragraph because they are not factual.

7 26. Defendants neither admit nor deny the allegations in this paragraph because the  
8 allegations in this paragraph are not factual.

9 27. Defendants admit there is a Master Agreement dated May 31, 2019 by and among  
10 Halsen Holdings, LLC, Watsonville Hospital Holdings, Inc. and MPT of Watsonville, LLC, MPT of  
11 Watsonville Lender, LLC. Defendants neither admit nor deny any and all other allegations and  
12 inferences in this paragraph because they are not factual.

13 28. Defendants admit there are promissory notes between MPT of Watsonville Lender,  
14 LLC and Watsonville Hospital Holdings, Inc. and between MPT of Watsonville, LLC and  
15 Watsonville Hospital Holdings, Inc.

16 29. Defendants neither admit nor deny the allegations in this paragraph because the  
17 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
18 determination.

19 30. Defendants lack sufficient information and belief to admit or deny the allegations in  
20 this paragraph and therefore deny.

21 31. Defendants admit there is a promissory note dated September 30, 2019 between  
22 Watsonville Hospital Holdings, Inc. and MPT of Watsonville Lender, LLC. Defendants neither  
23 admit nor deny the remaining allegations in this paragraph because they are not factual and the law  
24 and its application are for the trier of fact's determination.

25 32. Defendants deny the allegations in this paragraph.

1           **B. The Halsen Executives Appointed Themselves as the Sole Officers and Board**  
 2           **Members of WHC and Failed to Implement Systems of Independent Oversight**  
 3           **and Monitoring**

4       33. Defendants admit Daniel Brothman, Fowler, and King were officers of WHC and  
 5 members of WHC's Board. Defendants neither admit nor deny the remaining allegations in this  
 6 paragraph because they are not factual and the law and its application are for the trier of fact's  
 7 determination.

8       34. Defendants admit Daniel Brothman, Fowler, and King were officers of WHC and  
 9 members of WHC's Board. Defendants neither admit nor deny the remaining allegations in this  
 10 paragraph because they are not factual and the law and its application are for the trier of fact's  
 11 determination.

12      35. Defendants neither admit nor deny the allegations in this paragraph because the  
 13 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
 14 determination.

15           **C. WHC Emerged From the Quorum Acquisition Insolvent and Immediately**  
 16           **Descended into Deeper Insolvency Due to the Halsen Executives' Grossly**  
 17           **Negligent Decision-making.**

18      36. Defendants neither admit nor deny the allegations in this paragraph because the  
 19 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
 20 determination.

21      37. Defendants neither admit nor deny the allegation in this paragraph that "The Quorum  
 22 Acquisition was 100% debt-financed . . . without adequate working capital reserves" because it is  
 23 not factual. Defendants lack sufficient information and belief to admit or deny the remaining  
 24 allegations in this paragraph and therefore deny.

25      38. Defendants neither admit nor deny the allegation in this paragraph that "WHC's  
 26 available working capital was woefully insufficient to meet its operational and debt service-related  
 27 financial obligations" because the allegation is not factual and the law and its application are for the

1 trier of fact's determination. Defendants lack sufficient information and belief to admit or deny the  
2 remaining allegations in this paragraph and therefore deny.

3 39. Defendants lack sufficient information and belief to admit or deny the allegations in  
4 this paragraph and therefore deny.

5 40. Defendants neither admit nor deny the allegations in this paragraph because the  
6 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
7 determination.

8 41. Defendants neither admit nor deny the allegations in this paragraph because the  
9 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
10 determination.

11 42. Defendants neither admit nor deny the allegations in this paragraph because the  
12 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
13 determination.

14 43. Defendants neither admit nor deny the allegations in this paragraph because the  
15 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
16 determination.

17 44. Defendants neither admit nor deny the allegations in this paragraph because the  
18 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
19 determination.

20 a. Defendants neither admit nor deny the allegations in this paragraph because the  
21 allegations in this paragraph are not factual and the law and its application are for  
22 the trier of fact's determination.

23 b. Defendants neither admit nor deny the allegations in this paragraph because the  
24 allegations in this paragraph are not factual and the law and its application are for  
25 the trier of fact's determination.

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1                   c. Defendants neither admit nor deny the allegations in this paragraph because the  
2                   allegations in this paragraph are not factual and the law and its application are for  
3                   the trier of fact's determination.

4                   d. Defendants neither admit nor deny the allegations in this paragraph because the  
5                   allegations in this paragraph are not factual and the law and its application are for  
6                   the trier of fact's determination.

7                  45. Defendants neither admit nor deny the allegations in this paragraph because the  
8                   allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
9                   determination.

10                 46. Defendants neither admit nor deny the allegations in this paragraph because the  
11                   allegations in this paragraph are not factual.

12                 47. Defendants neither admit nor deny the allegations in this paragraph because the  
13                   allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
14                   determination.

15                 48. Defendants neither admit nor deny the allegations in this paragraph because the  
16                   allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
17                   determination.

18                 49. Defendants neither admit nor deny the allegations in this paragraph because the  
19                   allegations in this paragraph are not factual.

20                 **D. Defendants Owed Duties of Loyalty and Care to WHC's Stakeholders**

21                 50. Defendants neither admit nor deny the allegations in this paragraph because the  
22                   allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
23                   determination.

24                 51. Defendants neither admit nor deny the allegations in this paragraph because the  
25                   allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
26                   determination.

27

28

1       52. Defendants neither admit nor deny the allegations in this paragraph because the  
2 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
3 determination.

4       53. Defendants neither admit nor deny the allegations in this paragraph because the  
5 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
6 determination.

7       54. Defendants neither admit nor deny the allegations in this paragraph because the  
8 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
9 determination.

10      **E. Entry into Compensation Agreements Without Independent Oversight and**  
11           **Notwithstanding WHC's Cash Flow Challenges**

12       55. Defendants neither admit nor deny the allegations in this paragraph because the  
13 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
14 determination.

15       56. Defendants neither admit nor deny the allegations in this paragraph because the  
16 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
17 determination.

18       57. Defendants neither admit nor deny the allegations in this paragraph because the  
19 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
20 determination.

21       58. Defendants neither admit nor deny the allegations in this paragraph because the  
22 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
23 determination.

24       59. Defendants neither admit nor deny the allegations in this paragraph because the  
25 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
26 determination.

27

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1       60. Defendants neither admit nor deny the allegations in this paragraph because the  
2 allegations in this paragraph are not factual.

3           **F. The Halsen Executives' Management of the Hospital was Grossly Negligent**

4       61. Defendants neither admit nor deny the allegations in this paragraph because the  
5 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
6 determination.

7       62. Defendants lack sufficient information and belief to admit or deny the allegations in  
8 this paragraph and therefore deny.

9       63. Defendants neither admit nor deny the allegations in this paragraph because the  
10 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
11 determination.

12       64. Defendants neither admit nor deny the allegations in this paragraph because the  
13 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
14 determination.

15       65. Defendants neither admit nor deny the allegations in this paragraph because the  
16 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
17 determination.

18           a. Defendants neither admit nor deny the allegations in this paragraph because the  
19 allegations in this paragraph are not factual and the law and its application are for  
20 the trier of fact's determination.

21           b. Defendants neither admit nor deny the allegations in this paragraph because the  
22 allegations in this paragraph are not factual and the law and its application are for  
23 the trier of fact's determination.

24           c. Defendants neither admit nor deny the allegations in this paragraph because the  
25 allegations in this paragraph are not factual and the law and its application are for  
26 the trier of fact's determination.

- 1           d. Defendants neither admit nor deny the allegations in this paragraph because the  
2           allegations in this paragraph are not factual and the law and its application are for  
3           the trier of fact's determination.
- 4           e. Defendants neither admit nor deny the allegations in this paragraph because the  
5           allegations in this paragraph are not factual and the law and its application are for  
6           the trier of fact's determination.
- 7               i. Defendants neither admit nor deny the allegations in this paragraph  
8               because the allegations in this paragraph are not factual and the law and  
9               its application are for the trier of fact's determination.
- 10              ii. Defendants neither admit nor deny the allegations in this paragraph  
11               because the allegations in this paragraph are not factual and the law and  
12               its application are for the trier of fact's determination.
- 13              iii. Defendants neither admit nor deny the allegations in this paragraph  
14               because the allegations in this paragraph are not factual and the law and  
15               its application are for the trier of fact's determination.
- 16              iv. Defendants neither admit nor deny the allegations in this paragraph  
17               because the allegations in this paragraph are not factual and the law and  
18               its application are for the trier of fact's determination.
- 19              f. Defendants neither admit nor deny the allegations in this paragraph because the  
20           allegations in this paragraph are not factual and the law and its application are for  
21           the trier of fact's determination.

22       66. Defendants neither admit nor deny the allegations in this paragraph because the  
23       allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
24       determination.

25       67. Defendants neither admit nor deny the allegations in this paragraph because the  
26       allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
27       determination.

1       68. Defendants neither admit nor deny the allegations in this paragraph because the  
2 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
3 determination.

4       69. Defendants neither admit nor deny the allegations in this paragraph because the  
5 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
6 determination.

7           **G. Entry into Lucrative Severance Agreements While WHC Was Insolvent in  
8           Anticipation of Removal by WHC's Secured Lender**

9       70. Defendants neither admit nor deny the allegations in this paragraph because the  
10 allegations in this paragraph are not factual and the law and its application are for the Court's  
11 determination.

12       71. Defendants admit Fowler filed a proof of claim in the Chapter 11 Case of WHC  
13 dated January 28, 2022. Defendants deny any remaining allegations and inferences in this  
14 paragraph.

15       72. Defendants admit Daniel Brothman filed a proof of claim in the Chapter 11 Case of  
16 WHC dated February 6, 2022. Defendants deny any remaining allegations and inferences in this  
17 paragraph.

18       73. Defendants admit King filed a proof of claim in the Chapter 11 Case of WHC dated  
19 March 4, 2022. Defendants deny any remaining allegations and inferences in this paragraph.

20       74. Defendants neither admit nor deny the allegations in this paragraph because the  
21 allegations in this paragraph are not factual.

22       75. Defendants neither admit nor deny the allegations in this paragraph because the  
23 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
24 determination.

25       76. Defendants neither admit nor deny the allegations in this paragraph because the  
26 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
27 determination.

77. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

78. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual.

79. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

80. Defendants lack sufficient information and belief to admit or deny the allegations in this paragraph and therefore deny.

81. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

82. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

## **FIRST CAUSE OF ACTION**

**(Against Defendants Brothman, King, and Fowler)**

83. Defendants re-allege and incorporate herein by this reference their responses to the allegations in paragraphs 1-82 of the Complaint.

84. Defendants admit Daniel Brothman, King, and Fowler were members of WHC's Board. Defendants neither admit nor deny the remaining allegations in this paragraph because they are not factual.

85. Defendants admit Daniel Brothman, King, and Fowler were officers of WHC. Defendants neither admit nor deny the remaining allegations in this paragraph because they are not factual.

1       86. Defendants neither admit nor deny the allegations in this paragraph because the  
2 allegations in this paragraph are not factual.

3       87. Defendants neither admit nor deny the allegations in this paragraph because the  
4 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
5 determination.

6       88. Defendants neither admit nor deny the allegations in this paragraph because the  
7 allegations in this paragraph are not factual.

8       89. Defendants neither admit nor deny the allegations in this paragraph because the  
9 allegations in this paragraph are not factual.

10      90. Defendants neither admit nor deny the allegations in this paragraph because the  
11 allegations in this paragraph are not factual.

12      91. Defendants neither admit nor deny the allegations in this paragraph because the  
13 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
14 determination.

- 15           a. Defendants neither admit nor deny the allegations in this paragraph because the  
16           allegations in this paragraph are not factual and the law and its application are for the  
17           trier of fact's determination.
- 18           b. Defendants neither admit nor deny the allegations in this paragraph because the  
19           allegations in this paragraph are not factual and the law and its application are for the  
20           trier of fact's determination.
- 21           c. Defendants neither admit nor deny the allegations in this paragraph because the  
22           allegations in this paragraph are not factual and the law and its application are for the  
23           trier of fact's determination.
- 24           d. Defendants neither admit nor deny the allegations in this paragraph because the  
25           allegations in this paragraph are not factual and the law and its application are for the  
26           trier of fact's determination.

- 1 e. Defendants neither admit nor deny the allegations in this paragraph because the
- 2 allegations in this paragraph are not factual and the law and its application are for the
- 3 trier of fact's determination.
- 4 f. Defendants neither admit nor deny the allegations in this paragraph because the
- 5 allegations in this paragraph are not factual and the law and its application are for the
- 6 trier of fact's determination.
- 7 g. Defendants neither admit nor deny the allegations in this paragraph because the
- 8 allegations in this paragraph are not factual and the law and its application are for the
- 9 trier of fact's determination.
- 10 h. Defendants neither admit nor deny the allegations in this paragraph because the
- 11 allegations in this paragraph are not factual and the law and its application are for the
- 12 trier of fact's determination.
- 13 i. Defendants neither admit nor deny the allegations in this paragraph because the
- 14 allegations in this paragraph are not factual and the law and its application are for the
- 15 trier of fact's determination.

16 92. Defendants neither admit nor deny the allegations in this paragraph because the  
17 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
18 determination.

19 93. Defendants neither admit nor deny the allegations in this paragraph because the  
20 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
21 determination.

22 94. Defendants neither admit nor deny the allegations in this paragraph because the  
23 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
24 determination.

25 95. Defendants neither admit nor deny the allegations in this paragraph because the  
26 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
27 determination.

1                   **SECOND CAUSE OF ACTION**

2                   **Aiding and Abetting Breach of Fiduciary Duty**

3                   **(Against All Defendants)**

4                 96. Defendants re-allege and incorporate herein by this reference their responses to the  
5 allegations in paragraphs 1-95 of the Complaint.

6                 97. Defendants admit Daniel Brothman, King, and Fowler were members of WHC's  
7 Board and officers of WHC. Defendants neither admit nor deny the remaining allegations in this  
8 paragraph because they are not factual.

9                 98. Defendants neither admit nor deny the allegations in this paragraph because the  
10 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
11 determination.

12                 99. Defendants neither admit nor deny the allegations in this paragraph because the  
13 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
14 determination.

15                 100. Defendants neither admit nor deny the allegations in this paragraph because the  
16 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
17 determination.

18                 101. Defendants neither admit nor deny the allegations in this paragraph because the  
19 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
20 determination.

21                 102. Defendants neither admit nor deny the allegations in this paragraph because the  
22 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
23 determination.

24                 103. Defendants neither admit nor deny the allegations in this paragraph because the  
25 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
26 determination.

104. Defendants admit Halsen Holdings is a limited liability company. Defendants neither admit nor deny the remaining allegations in this paragraph because they are not factual and the law and its application are for the trier of fact's determination.

105. Defendants admit Peninsula Healthcare is a limited liability company. Defendants neither admit nor deny the remaining allegations in this paragraph because they are not factual and the law and its application are for the trier of fact's determination.

106. Defendants admit South Texas Associates is a corporation. Defendants neither admit nor deny the remaining allegations in this paragraph because they are not factual and the law and its application are for the trier of fact's determination.

107. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

108. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

### **THIRD CAUSE OF ACTION**

**Avoidance of Constructively Fraudulent Transfers Under  
11 U.S.C. § 548 (a)(1)(B)(i) and (ii)(I), (II), and/or (III)  
(Against all Defendants)**

109. Defendants re-allege and incorporate herein by this reference their responses to the allegations in paragraphs 1-108 of the Complaint.

110. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

111. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

112. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

113. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

114. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

## **FOURTH CAUSE OF ACTION**

## **Avoidance of Employment Transfers Under 11 U.S.C. § 548 (a)(1)(B)(i) and (ii)(IV)**

**(Against Defendants Brothman, King, and Fowler)**

115. Defendants re-allege and incorporate herein by this reference their responses to the allegations in paragraphs 1-114 of the Complaint.

116. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

117. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

118. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

119. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination

120. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

121. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

122. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

## **FIFTH CAUSE OF ACTION**

## Avoidance of Fraudulent Transfers Made with Actual Fraudulent Intent

**Pursuant to 11 U.S.C. § 548 (a)(1)(A)**

**(Against all Defendants)**

123. Defendants re-allege and incorporate herein by this reference their responses to the allegations in paragraphs 1-122 of the Complaint.

124. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

125. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

126. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

127. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination

128. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

129. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

130. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

131. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

132. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

133. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

## **SIXTH CAUSE OF ACTION**

## **Recovery of Fraudulent Transfers Made with Fraudulent Intent**

**Pursuant to 11 U.S.C. § 544; and Applicable State Law, Including**

## **6 Del. Code § 1304 and California Civil Code § 3439.04**

**(Against all Defendants)**

134. Defendants re-allege and incorporate herein by this reference their responses to the allegations in paragraphs 1-133 of the Complaint.

1       135. Defendants neither admit nor deny the allegations in this paragraph because the  
2 allegations in this paragraph are not factual and the law and its application are for the Court's  
3 determination.

4       136. Defendants neither admit nor deny the allegations in this paragraph because the  
5 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
6 determination.

7       137. Defendants neither admit nor deny the allegations in this paragraph because the  
8 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
9 determination.

10      138. Defendants neither admit nor deny the allegations in this paragraph because the  
11 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
12 determination.

13      139. Defendants neither admit nor deny the allegations in this paragraph because the  
14 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
15 determination.

16      140. Defendants neither admit nor deny the allegations in this paragraph because the  
17 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
18 determination.

19      141. Defendants neither admit nor deny the allegations in this paragraph because the  
20 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
21 determination.

22      142. Defendants neither admit nor deny the allegations in this paragraph because the  
23 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
24 determination.

25      143. Defendants neither admit nor deny the allegations in this paragraph because the  
26 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
27 determination.

28

144. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

145. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

### **SEVENTH CAUSE OF ACTION**

# Recovery of Constructively Fraudulent Transfers

**Pursuant to 11 U.S.C. § 544; and Applicable State Law, Including**

**6 Del. Code § 1304 and 1305 and California Civil Code § 3439.04 and 3439.05**

**(Against all Defendants)**

12        146. Defendants re-allege and incorporate herein by this reference their responses to the  
13 allegations in paragraphs 1-145 of the Complaint.

14        147. Defendants neither admit nor deny the allegations in this paragraph because the  
15 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
16 determination.

17        148. Defendants neither admit nor deny the allegations in this paragraph because the  
18 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
19 determination.

20        149. Defendants neither admit nor deny the allegations in this paragraph because the  
21 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
22 determination.

23        150. Defendants neither admit nor deny the allegations in this paragraph because the  
24 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
25 determination.

151. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

152. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

153. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

154. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

## **EIGHTH CAUSE OF ACTION**

## **Recovery of Avoidable Preferential Transfers Pursuant to 11 U.S.C. § 547**

## **(Against Halsen Executives)**

155. Defendants re-allege and incorporate herein by this reference their responses to the allegations in paragraphs 1-154 of the Complaint.

156. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

157. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

158. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination

159. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

160. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

161. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

162. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

## **NINTH CAUSE OF ACTION**

## **Recovery of Avoidable Transfers Pursuant to 11 U.S.C. § 550**

### (Against All Defendants)

163. Defendants re-allege and incorporate herein by this reference their responses to the allegations in paragraphs 1-162 of the Complaint.

164. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

165. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

166. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual.

167. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

168. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

## **TENTH CAUSE OF ACTION**

## **Disallowance of all Claims**

**Under 11 U.S.C. § 502(d)**

**(Against All Defendants)**

169. Defendants re-allege and incorporate herein by this reference their responses to the allegations in paragraphs 1-168 of the Complaint.

170. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

171. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual.

172. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

173. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

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1                   **ELEVENTH CAUSE OF ACTION**

2                   **Disallowance of all Claims of Halsen Executives**

3                   **Under 11 U.S.C. § 502(b)**

4                   **(Against Halsen Executives)**

5                  174. Defendants re-allege and incorporate herein by this reference their responses to the  
6 allegations in paragraphs 1-173 of the Complaint.

7                  175. Defendants neither admit nor deny the allegations in this paragraph because the  
8 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
9 determination.

10                 176. Defendants neither admit nor deny the allegations in this paragraph because the  
11 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
12 determination.

13                 177. Defendants neither admit nor deny the allegations in this paragraph because the  
14 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
15 determination.

16                 178. Defendants neither admit nor deny the allegations in this paragraph because the  
17 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
18 determination.

19                 179. Defendants neither admit nor deny the allegations in this paragraph because the  
20 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
21 determination.

22                 180. Defendants neither admit nor deny the allegations in this paragraph because the  
23 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
24 determination.

25                 181. Defendants neither admit nor deny the allegations in this paragraph because the  
26 allegations in this paragraph are not factual and the law and its application are for the trier of fact's  
27 determination.

182. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

183. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

## **TWELFTH CAUSE OF ACTION**

## **Equitable Subordination of the Halsen Executive Claims**

**Under 11 U.S.C. § 510(c)**

## (Against Halsen Executives)

184. Defendants re-allege and incorporate herein by this reference their responses to the allegations in paragraphs 1-183 of the Complaint.

185. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

186. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

187. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

188. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination

189. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

190. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

191. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

192. Defendants neither admit nor deny the allegations in this paragraph because the allegations in this paragraph are not factual and the law and its application are for the trier of fact's determination.

## **PRAAYER FOR RELIEF**

Defendants deny Plaintiff is entitled to any of the relief requested.

## **AFFIRMATIVE DEFENSES**

## **FIRST AFFIRMATIVE DEFENSE**

## **(Failure to State a Claim)**

1. Defendants allege as a separate and distinct affirmative defense that the Complaint, and each purported claim therein alleged, fails to state a claim upon which relief may be granted.

## **SECOND AFFIRMATIVE DEFENSE**

## **(Statute of Limitations)**

2. Defendants allege as a separate and distinct affirmative defense that the Complaint, and each purported claim therein alleged, is barred by all applicable statutes of limitations.

### **THIRD AFFIRMATIVE DEFENSE**

## (Estoppel)

3. Defendants allege as a separate and distinct affirmative defense that the acts of Plaintiff and Plaintiff's agents are acts which estop Plaintiff from asserting any claims against Defendants.

1                   **FOURTH AFFIRMATIVE DEFENSE**

2                   **(Failure to Mitigate Damages)**

3         4. Defendants allege as a separate and distinct affirmative defense that Plaintiff, with  
4 actual or constructive knowledge of the facts alleged in the Complaint, failed to use reasonable  
5 diligence in mitigating his alleged damages; as a consequence thereof, Defendants is exonerated  
6 from any liability to Plaintiff, and all damages alleged are the sole and proximate cause of  
7 Plaintiff's failure to mitigate damages.

8                   **FIFTH AFFIRMATIVE DEFENSE**

9                   **(Indemnification)**

10       5. Defendants alleges as a separate and distinct affirmative defense that if any liability  
11 exists on the part of Defendants as to Plaintiff's Complaint and each purported claim therein, such  
12 liability is to be either partially or completely indemnified by Plaintiff, another Defendants, or some  
13 other person or party yet to be named.

14                   **SIXTH AFFIRMATIVE DEFENSE**

15                   **(Intervening and Superseding Cause)**

16       6. Defendants allege as a separate and distinct affirmative defense that the injuries of  
17 which the Plaintiff complains were proximately caused by the acts or omissions of the other parties,  
18 persons and/or entities in that said acts or omissions were an intervening and superseding cause of  
19 injuries and damages, if any, of which Plaintiff complains, thus barring Plaintiff from any recovery  
20 against Defendants.

21                   **SEVENTH AFFIRMATIVE DEFENSE**

22                   **(Offset)**

23       7. Defendants allege as a separate and distinct affirmative defense that if any liability  
24 exists on the part of Defendants as to the Complaint and each purported claim therein, any amount  
25 owing to Plaintiff is barred in whole or in part by the amount owing from Plaintiff to Defendants, or  
26 by offset of settlement or other payment of resolution by any other Defendants, or some other  
27 person or party yet to be named.

1                   **EIGHTH AFFIRMATIVE DEFENSE**

2                   **(Unclean Hands)**

3       8. Defendants allege as a separate and distinct affirmative defense that the Complaint is  
4 barred pursuant to the doctrine of unclean hands.

5                   **NINTH AFFIRMATIVE DEFENSE**

6                   **(Waiver)**

7       9. Defendants allege as a separate and distinct affirmative defense that the acts and  
8 statements of Plaintiff and/or his agents constitute a waiver of Plaintiff's claims alleged against  
9 Defendants.

10                  **TENTH AFFIRMATIVE DEFENSE**

11                  **(Contribution)**

12      10. Defendants allege as a separate and distinct affirmative defense that should this  
13 Defendants be found liable to Plaintiff, which liability is expressly denied, Defendants is entitled to  
14 have any award against them abated, reduced, or eliminated to the extent that the negligence,  
15 carelessness, fault, or defects caused by the remaining parties in this action or by other persons  
16 corporations or business entities contributed to Plaintiff's damages if any.

17                  **ELEVENTH AFFIRMATIVE DEFENSE**

18                  **(Lack of Standing)**

19      11. Defendants allege as a separate and distinct affirmative defense that Plaintiff's  
20 Complaint, and each purported claim therein alleged, is barred because Plaintiff lacks standing to  
21 assert each and every purported claim in the Complaint.

22                  **TWELFTH AFFIRMATIVE DEFENSE**

23                  **(Business Judgment)**

24      12. Defendants allege as a separate and distinct affirmative defense that any and all acts  
25 and/or omissions were taken consistent with the business judgment rule.

26      //

27      //

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1                   **THIRTEENTH AFFIRMATIVE DEFENSE**

2                   **(Failure to Join)**

3         13. Plaintiff has failed to join all persons and parties needed for a just adjudication of  
4 this action and is therefore barred from any recovery from Defendants.

5                   **FOURTEENTH AFFIRMATIVE DEFENSE**

6                   **(Unforeseeability)**

7         14. The damages alleged by Plaintiff, if any, were the result of acts or omissions of  
8 others which acts or omissions were not and could not be foreseen by Defendants.

9                   **FIFTEENTH AFFIRMATIVE DEFENSE**

10                  **(Tort of Another)**

11         15. Defendants allege as a separate and distinct affirmative defense that the claims  
12 and/or causes of action in Plaintiff's Complaint were caused by other third persons and/or parties.

13                  **SIXTEENTH AFFIRMATIVE DEFENSE**

14                  **(Consent)**

15         16. Defendants allege as a separate and distinct affirmative defense that Plaintiff is  
16 barred from any recovery in the present action in that Plaintiff willingly and voluntarily consented,  
17 expressly or impliedly, after full and complete disclosure by Defendants of all relevant and material  
18 facts, to any and all such act or acts, event or events, as may be shown on the part of Defendants, of  
19 which Plaintiff now complains. Plaintiff has, therefore, consented to, or waived any and all causes  
20 of action against Defendants and is barred from asserting same.

21                  **SEVENTEENTH AFFIRMATIVE DEFENSE**

22                  **(Laches)**

23         17. Defendants allege as a separate and distinct affirmative defense that Plaintiff  
24 unreasonably delayed the filing and prosecution of this action against Defendants, and therefore the  
25 Third Amended Complaint is barred by the doctrine of laches.

26         //

27         //

28

1                   **EIGHTEENTH AFFIRMATIVE DEFENSE**

2                   **(Offset)**

3       18. Defendants allege as a separate and distinct affirmative defense that if any liability  
4 exists on the part of Defendants as to the Third Amended Complaint and each purported cause of  
5 action therein, any amount owing to Plaintiff is barred in whole or in part by the amount owing  
6 from Plaintiff to Defendants, or by offset of settlement or other payment of resolution by any other  
7 Defendants, or some other person or party yet to be named.

8                   **NINETEENTH AFFIRMATIVE DEFENSE**

9                   **(Ratification)**

10     19. Defendants allege as a separate and distinct affirmative defense that Plaintiff, being  
11 fully informed of the act or acts, event or events, of which Plaintiff complains, ratified and affirmed  
12 all conduct with respect to the act or acts, event or events, and therefore Plaintiff have waived any  
13 and all causes of action against Defendants and are barred from asserting the same.

14                   **TWENTIETH AFFIRMATIVE DEFENSE**

15                   **(Unknown Defenses)**

16     20. Defendants allege as a separate and distinct affirmative defense that it presently has  
17 insufficient knowledge or information on which to form a belief as to whether it may have  
18 additional, as yet unstated, defenses available to it. Therefore, Defendants reserves the right to  
19 assert additional affirmative defenses in the event discovery or factual investigation indicates that it  
20 would be appropriate.

22                   **WHEREFORE**, Defendants pray for judgment as follows:

- 23      1. That Plaintiff takes nothing by way of his Complaint on file herein;  
24      2. That judgment be entered in favor of Defendants;  
25      3. That Defendants be awarded their costs of suit incurred herein; and  
26      4. For such other and further relief as the Court may deem just and proper.

1                   **DEMAND FOR JURY TRIAL**

2                   Pursuant to Fed. R. Civ. P. 38(a)-(b) Defendants hereby demand a jury trial to the extent  
3 permitted by law.

4  
5 Dated: March 11, 2024

**KAUFMAN DOLOWICH, LLP**

6  
7                   By: /s/ Marcus Dong  
8                   Tad A. Devlin  
9                   Marcus Dong  
10                  Attorneys for Defendants  
11                  Halsen Holdings, LLC, South Texas  
12                  Associates & Resources, Peninsula Healthcare  
13                  Management, LLC, Daniel Brothman, Edith  
14                  Brothman, Stacy Sean Fowler, and Edmund C. King

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